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DOE FOR CHARLES WASHINGTON

SENSITIVE

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SUBJECT: TURKEY'S RESPONSE TO ENERGY SUPPLY DISRUPTION

REF: STATE 163206

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[1](#)1. (SBU) SUMMARY: Turkey confirmed its participation in the IEA coordinated emergency response stock release related to the Katrina energy supply disruption. Turkey released refined products from state refiner TUPRAS. End Summary.

[1](#)2. (SBU) In a September 2 meeting with Econ Counselor, GOT MFA DDG Energy Mithat Rende said he had just spoken with IEA Director Claude Mandil to inform him of Turkey's approval of the recommended oil stock release in response to energy supply disruptions from Hurricane Katrina. The IEA announced a coordinated release of oil and refined product stocks in an equivalent amount of 2 million bpd for 30 days (Reftel). MFA subsequently confirmed to EnergyOff that Turkey had commenced its share of the release on September 8 in an amount of 28,650 bpd of gasoline and diesel by ordered release from state refiner TUPRAS.

[1](#)3. (SBU) Rende pointed out that high domestic gasoline prices (currently almost \$8 per gallon) had reduced consumer demand by 7.6 %. Moreover, he emphasized that the GOT had implemented full pass-through of oil price costs to refined product prices.

[1](#)4. (SBU) In response to a question from Econ Counselor, Mithat said that oil supplies and prices were not a topic of discussion between the GOT and Saudi Arabia or other major OPEC producers.

[1](#)5. (SBU) Comment: A 51 % share of state refiner TUPRAS will be put up for auction on September 12, garnering significant domestic and foreign interest (however we are not aware of U.S. companies). While this prospective privatization clearly augurs well for Turkey's investment environment, ironically it will make it a little harder to impose national stock release, when it is potentially no longer a state company.

McEldowney